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Senate Bill 625-6,7,8 (As Introduced)

Topic: Regulations and penalties pertaining to the direct shipment of wine.
Sponsor: Senators McManus, Jacobs, Kuipers, and Jelinek.
Co-sponsors: Senators Hammerstrom and Allen.
Committee: Government Operations.
Date Introduced: June 22, 2005

Date of Summary: July 1, 2005

Senate Bill 625 allows for the direct shipment of wine to retail customers and provides for regulations of certain direct shippers. The bill amends section 203 of the Michigan Liquor Control Code by providing that the retail seller of wine who conducts the business of the sale, delivery, or importation of wine must comply with these requirements in addition to the previously established requirements:

- Hold a direct shipper permit.
- Annually pay any applicable taxes to the Commission.
- Upon request of the commission, make available to the commission any document used to verify the age of the individual ordering the wine from the direct shipper.
- Clearly label on the outside of the shipping package that contains wine, that wine is contained within.
- Ship not more than 24 cases of wine, containing not more than 9 liters in total per case, annually to any retail customer.
- Report to the commission quarterly the total amount of wine, by type, brand, and price, shipped to retail customers in this state during the preceding calendar year, and the names and addresses, and the amount of wine ordered by and shipped to specific retail customers.
- Upon request of the commission and the Department of the Treasury, authorize and allow the conduct of an audit of the direct shipper's records.
- Consent and submit to the jurisdiction of the commission, the Department of Treasury, and the courts of this state concerning enforcement of this section and any related law, rule, or regulation.

In the case of a person taking an order on behalf of a direct shipper, the person must comply with the following requirements:

- Comply with all prohibitions of the laws of this state, including, but not limited to, sales to minors.
- Verify the age of the individual placing the order by obtaining from him or her an affirmation that he or she is of legal age to purchase alcoholic liquor. The person receiving and accepting the order shall record the name, address, date of birth, and telephone

number of the person placing the order on the order form or other verifiable record of a type and generated in a manner approved by the commission.

- Upon request of the commission, make available to the commission any document used to verify the age of the individual ordering the wine from the direct shipper.
- Stamp, print, or label on the outside of the shipping container language that clearly establishes in a prominent fashion that the package contains wine and that the recipient at the time of the delivery is required to provide identification verifying his or her age along with a signature.
- Place a label on the top panel of the shipping container containing the name and address of the individual placing the order and the name of the designated recipient, if any.

The bill mandates that a direct shipper must not engage in the sale, delivery, or importation of wine to a retail customer unless it holds a direct shipper's permit from the commission. The following persons qualify for a direct shipper's permit:

- A wine maker currently holding a wine maker license in this state.
- A wine maker outside of this state and currently holding an outstate seller of wine license.
- A wine maker located outside of this state and not currently licensed as an outstate seller of wine but holding both a federal basic permit issued by the bureau of alcohol, tobacco, and firearms and licensed to manufacture wine in its state of domicile.

A direct shipper applicant must submit a written or electronic application provided by the commission and include a \$100.00 initial permit fee, a \$100.00 application fee, and evidence of the existing federal basic permit or license, or both, held by the applicant. Only the initial permit fee will be refunded if the application is denied. The permit must be renewed annually with a renewal application and a \$100.00 renewal fee to remain effective. Revocation or suspension of the applicant's existing Michigan license, federal basic permit, or license to manufacture wine in its state of domicile is also grounds for revocation or denial of a direct shipper's permit.

The bill mandates that commission promulgate rules to provide for the quarterly reporting of all shipments made by direct shippers.

Senate Bill 626 amends section 909 of the Michigan Liquor Control Code to establish penalties for failure to obtain age verification regarding or adequately label a wine shipment.

The bill provides that a direct shipper is guilty of a misdemeanor, punishable by imprisonment for not more than 93 days or a fine not more than \$500.00 or both, when that direct shipper fails to comply with the age verification or labeling requirements, or both, imposed under section 203 (4) of the Michigan Liquor Control Code.

Senate Bill 627 amends section 111 of the Michigan Liquor Control Code by providing a definition of a retail customer regarding the direct shipment of wine.

The bill defines a "Retail Customer" as an individual who directly purchases wine from a direct shipper for his or her personal use and not for resale.

Senate Bill 628 amends section 107 of the Michigan Liquor Control Code by providing a definition for “Direct Shipper” pertaining to the direct shipment of wine.

The bill defines “Direct Shipper” as a person who engages in the sale, delivery, or importation of wine to a retail customer through the use of any mail order, internet, telephone, computer, device, or other electronic means.

Secondly, the bill moves the definitions of “Computer,” “Computer Network,” “Computer Program,” “Computer System,” “Device,” and “Diligent Inquiry” from section 203 (SB 625) to section 107 of the Michigan Liquor Control Code.

Senate Bills 625, 626, 627, and 628 are all tie-barred.